

UNCLAS VATICAN 000494

SIPDIS

DEPT. FOR EUR/WE (LEVIN)

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [EFIN](#) [VT](#)

SUBJECT: VATICAN BOOKS IN THE BLACK

¶1. (U) The Holy See ended 2004 with a budget surplus for the first time in four years, showing a profit of nearly \$3.7 million. The budget covers all government departments and activities, as well as the Holy See's embassies and diplomatic offices around the world. During 2004, the Vatican took in some \$247 million (at an exchange rate of US\$1.20 to the euro), and spent just over \$243 million. As in previous years, one of the biggest drains on the Holy See coffers was Vatican Radio, which does not accept advertising revenues and requires some \$30 million to run. The Holy See will continue investing heavily in Vatican Radio's worldwide broadcasts in any case, judging this outreach particularly valuable in developing nations with limited communications networks.

¶2. (U) Vatican City State has a separate budget within the Holy See's accounting system. It had a budget surplus of \$6.5 million dollars in 2004. This budget includes the care and upkeep of Vatican buildings and museums, artworks restoration, as well as income from the Vatican's coin and stamp offices and entrance fees to the Vatican Museums. The Vatican City State budget was in the black despite some \$15 million being siphoned off earnings to cover half the deficit at Vatican Radio.

¶3. (U) The bad news for the Holy See in the 2004 budget statement was that donations from Catholics around the world to Peter's Pence (a fund used by popes for charity and development projects, but also at times to offset the deficit) amounted to some \$52 million - down 7.4 percent from 2003. U.S. Catholics continue to be among the top donors worldwide to this fund. However, separate income levied from individual dioceses around the world (canon law urges but does not force bishops to contribute to the Holy See as a sign of solidarity) amounted to \$27 million - up 8.2 percent from the previous year.

¶4. (U) The Holy See's budget contains some interesting "numbers" beyond euros and dollars. In 2004, some 2,663 people worked for the Holy See, of whom 759 were priests, 346 monks and nuns and 1,558 lay people. Another 1,560 people worked for Vatican City State. The Holy See maintains 118 embassies abroad and 9 representations to international organizations.

¶5. (SBU) Comment: The 2004 budget figures continue to dispel the myth that the Vatican possesses extraordinary financial wealth. One modest surplus in four years is not the stuff of a major financial player. We expect its expenses for 2005 to increase substantially because of the papal transition, probably resulting in a deficit for this year.

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